



PRESS RELEASE

X-FAB Q2 2017 Results

Intermediate declaration by the Board of Directors

Tessenderlo, Belgium – August 21st, 2017, 7.00 am CEST

During the second quarter of 2017, X-FAB posted sales of USD 139.3 million and net profit of USD 24.1 million or USD 0.18 per current outstanding share.

Compared to the second quarter of 2016, sales show an increase of 18%. Compared to the previous quarter sales were 6% lower due to lower subcontracted revenue from consumer products. Gross profit was USD 23.9 million, a decrease of 2% compared to the same quarter last year and a decrease of 18% compared to the previous quarter. The operating income was USD 9.2 million, a decrease of 24% compared to the same quarter of last year and a decrease of 21% compared to the previous quarter.

Net profit of the quarter was 87% higher compared to the same quarter last year and increased by 115% compared to the previous quarter, mainly due to the strong net financial result. The subcontracted business represented USD 3.2 million for the second quarter 2017 with a corresponding operating profit of USD 0.7 million.

Outlook

For the third quarter, X-FAB expects USD 138-143 million in revenue, with an EBITDA at about 19%. For the rest of the year, the company expects a further shift toward a higher share of automotive, industrial and medical business and is currently forecasting the subcontracted consumer business at zero. As a result, the company expects the EBITDA margin of the fourth quarter to come in at around 20%.

Rudi De Winter, CEO of X-FAB, comments: "X-FAB further increased utilization in its factories. The integration of X-FAB France is going well. As planned, we have delivered products for product qualification from X-FAB France on X-FAB's proprietary technologies to selected customers. We are planning first production starts this quarter.

The strong NRE revenue realized in the second quarter of 2017 in the amount of USD 13.0 million shows the strong interest in our technologies. It also is a good indicator for future production revenue. Sales in our core markets automotive, industrial and medical totaled USD 82.9 million, an increase of 24% compared to the same quarter last year and 7% higher compared to the previous quarter. The share of automotive, industrial and medical markets increased from 52.2% in the previous quarter to 59.4% in the second quarter of 2017. A higher exposure to our core end markets improves the overall visibility. Based on the strong automotive, industrial and medical outlook for next year, we have fine-tuned our CAPEX plan and pulled in a USD 40 million CAPEX in our factory in Malaysia to expand capacity by 4,000 wafer starts per month, which will become effective as of Q1 2018. Also our SiC activity in our factory in Texas is developing according to



plan and we delivered wafers for product qualification. This will result in first SiC production revenue in the second half of this year.

I am excited about the progress made with the products for molecular biology applications. One of our customers, a major player in the field of next generation DNA sequencing, has passed FDA approval for oncology applications. As these tests identify biomarkers in tumor samples for a growing amount of FDA approved therapies, the market for these semiconductor-based test devices will exponentially increase for a while. This is an example of the unique specialty processes X-FAB develops with its customers for a wide range of applications and in particular for the medical market.”

The Board of Directors noted the resignation of Mr. Matthias Bopp as board member. The Board decided to fill the vacant mandate temporarily with Ms. Chris Juliam until the actual nomination by the next shareholder meeting.

X-FAB Quarterly Conference Call

X-FAB’s second quarter results will be discussed in a live conference call on Monday, August 21st, 2017 at 5.00 pm CEST. The conference call will be in English. Please register in advance of the conference using the following link: <http://emea.directeventreg.com/registration/68363770>

Upon registering, you will be provided with participant dial-in numbers, Direct Event passcode and a unique registrant ID. In the 10 minutes prior to the call, you will need to use the conference access information provided in the email received at the point of registering.

The conference call will be available for replay from August 21st 8 pm CEST until August 27th 8 pm CEST. The replay number will be +44 (0)1452550000, conference ID 68363770.

The third quarter results will be communicated on November 7th, 2017.

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About X-FAB

X-FAB is the leading analog/mixed-signal and MEMS foundry group manufacturing silicon wafers for automotive, industrial, consumer, medical and other applications. Its customers worldwide benefit from the highest quality standards, manufacturing excellence and innovative solutions by using X-FAB’s modular CMOS processes in geometries ranging from 1.0 to 0.13 µm, and its special BCD, SOI and MEMS long-lifetime processes. X-FAB’s analog-digital integrated circuits (mixed-signal ICs), sensors and micro-electro-mechanical systems (MEMS) are manufactured at six production facilities in Germany, France, Malaysia and the U.S. X-FAB employs more than 3,800 people worldwide.

For more information, please visit www.xfab.com.



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Forward-looking information

This press release may include forward-looking statements. Forward-looking statements are statements regarding or based upon our management's current intentions, beliefs or expectations relating to, among other things, X-FAB's future results of operations, financial condition, liquidity, prospects, growth, strategies or developments in the industry in which we operate. By their nature, forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results or future events to differ materially from those expressed or implied thereby. These risks, uncertainties and assumptions could adversely affect the outcome and financial effects of the plans and events described herein.

Forward-looking statements contained in this press release regarding trends or current activities should not be taken as a report that such trends or activities will continue in the future. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on any such forward-looking statements, which speak only as of the date of this press release.

The information contained in this press release is subject to change without notice. No re-report or warranty, express or implied, is made as to the fairness, accuracy, reasonableness or completeness of the information contained herein and no reliance should be placed on it.



Consolidated Statement of Profit and Loss

in thousands of USD	Quarter ended 30 Jun 2017	Quarter ended 30 Jun 2016	Quarter ended 31 Mar 2017	Half-year ended 30 Jun 2017	Half-Year ended 30 Jun 2016
Revenue	139,340	118,480	147,942	287,282	225,010
Cost of sales	-115,409	-94,153	-118,633	-234,042	-181,363
Gross Profit	23,931	24,327	29,309	53,240	43,647
Research and development expenses	-6,697	-5,479	-7,503	-14,200	-10,899
Selling expenses	-2,151	-1,847	-2,371	-4,522	-3,551
General and administrative expenses	-6,938	-4,671	-7,768	-14,707	-9,601
Rental income and expenses from investment properties	954	-444	56	1,010	-787
Other income and other expenses	73	230	-170	-98	145
Operating profit	9,171	12,116	11,553	20,723	18,954
Finance income	24,928	1,776	712	25,641	1,796
Finance costs	-10,127	-1,031	-947	-11,074	-4,559
Net financial result	14,802	745	-235	14,567	-2,763
Profit before taxes	23,972	12,861	11,318	35,290	16,191
Income tax	122	-8	-104	17	-95
Profit for the period	24,094	12,853	11,214	35,307	16,096
Income before interest and depreciation	23,144	24,403	25,088	48,233	43,117



Consolidated Statement of Financial Position

in thousands of USD	Half-Year ended 30 Jun 2017	Half-Year ended 30 Jun 2016	Year ended 31 Dec 2016 audited
ASSETS			
Non-current assets			
Property, plant and equipment	289,443	241,680	265,472
Investment properties	8,856	9,281	9,143
Intangible assets	6,789	6,928	7,874
Non-current investments	394	209	190
Other non-current assets	146	62	36
Deferred tax assets	23,454	14,663	19,904
Total non-current assets	329,082	272,824	302,619
Current assets			
Inventories	97,408	70,996	88,972
Trade and other receivables	69,529	79,000	77,292
Other assets	25,941	30,421	18,881
Cash and cash equivalents	350,307	43,536	104,157
Total current assets	543,186	223,954	289,302
TOTAL ASSETS	872,268	496,777	591,921
EQUITY AND LIABILITIES			
Equity			
Share capital	432,745	265,231	265,231
Share premium	349,446	264,535	255,262
Retained earnings	-161,173	-226,329	-196,506
Cumulative translation adjustment	-574	-644	-879
Treasury shares	-770	-10,043	-770
Total equity attributable to equity holders of the parent	619,674	292,750	322,338
Non-controlling interests	365	368	400
Total equity	620,039	293,119	322,738
Non-current liabilities			
Non-current loans and borrowings	124,151	93,003	132,407
Other non-current liabilities and provisions	8,376	1,584	8,481
Total non-current liabilities	132,527	94,587	140,888
Current liabilities			
Trade payables	29,674	15,762	49,032
Current loans and borrowings	34,534	29,244	31,432
Other current liabilities and provisions	55,496	64,066	47,831
Total current liabilities	119,702	109,072	128,295
TOTAL EQUITY AND LIABILITIES	872,268	496,777	591,921



Consolidated Statement of Cash Flow

in thousands of USD	Quarter ended 30 Jun 2017	Half-Year ended 30 Jun 2017	Half-year ended 30 Jun 2016	Half-Year ended 31 Dec 2016
Income before taxes	23,972	35,290	16,191	26,260
Reconciliation of net income to cash flow arising from operating activities:	-3,507	12,461	26,146	25,236
Depreciation and amortization, before effect of grants and subsidies	13,973	27,509	24,162	25,995
Recognized investment grants and subsidies netted with depreciation and amortization	-947	-1,862	-1,781	-1,077
Interest income and expenses (net)	817	1,649	2,166	2,268
Loss/(gain) on the sale of plant, property and equipment (net)	0	0	-215	-16
Loss/(gain) on the change in fair value of derivatives (net)	-7,573	-7,739	0	280
Other non-cash transactions (net)	-9,777	-7,096	1,814	-2,214
Changes in working capital:	4,589	-10,470	-34,001	17,642
Decrease/(increase) of trade receivables	18,787	8,877	-33,995	1,170
Decrease/(increase) of other receivables & prepaid expenses	3,039	-4,560	-20,065	10,236
Decrease/(increase) of inventories	-4,031	-7,205	-9,139	-7,179
(Decrease)/increase of trade payables	-9,950	-17,343	2,942	31,861
(Decrease)/increase of other liabilities	-3,257	9,761	26,256	-18,446
Income taxes (paid)/received	-48	-252	-130	-3,424
Cash Flow from operating activities	25,006	37,029	8,208	65,713
Cash Flow from investing activities:				
Payments for property, plant, equipment & intangible assets	-29,358	-49,992	-32,945	-39,244
Payments for investments	0	0	-209	-80
Acquisition of subsidiary, net of cash acquired	0	0	0	-10,178
Payments for loan investments to related parties	-33	-62	-83	-5,611
Proceeds from loan investments related parties	40	81	70	5,670
Proceeds from sale of property, plant and equipment	0	1	717	19
Interest received	483	797	98	176
Cash Flow used in investing activities	-28,867	-49,175	-32,352	-49,249

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Consolidated Statement of Cash Flow – con't

in thousands of USD	Quarter ended 30 Jun 2017	Half-Year ended 30 Jun 2017	Half-year ended 30 Jun 2016	Half-Year ended 31 Dec 2016
Cash Flow from (used in) financing activities:				
Proceeds from loans and borrowings	-10,073	0	9,525	51,456
Repayment of loans and borrowings	-8,249	-15,204	-9,112	-10,262
Receipts from sale & leaseback arrangements	0	0	668	5,523
Payments of lease installments	-626	-1,239	-690	-869
Receipt of government grants and subsidies	0	47	2,433	99
Interest paid	-727	-1,389	-1,307	-1,536
Gross proceeds from capital increase	266,575	266,575	0	0
Direct cost related to capital increase	-7,389	-7,389	0	0
Distribution to non-controlling interests	0	-11	0	-11
Cash Flow from (used in) financing activities	239,512	241,390	1,517	44,400
Effect of changes in foreign currency exchange rates on cash	16,785	16,906	66	-243
Increase/(decrease) of cash and cash equivalents	235,651	229,243	-22,629	60,864
Cash and cash equivalents at the beginning of the period	97,871	104,157	66,098	43,536
Cash and cash equivalents at the end of the period	350,307	350,307	43,536	104,157

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